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The Magazine For People Who Need To Know

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PRESS RELEASE: SECRET WORLD BANK REPORT ON SOUTH KOREA

As the world awaits the Supreme Court decision on Kim Dae Jung, the World Bank is secretly predicting the continued persecution of Kim Dae Jung under General Chon Doo Hwan who the Bank admits was "appointed as President by a handpicked Electoral College."

For the Korean people, the Bank sees "continuing the persecution of politicians, journalists, students, and others who are opposed to military rule. General Chon is a disciple of the late President Park and his recent actions suggest that he will be as authoritarian as his predecessor, adopting practices even more repressive than the ones sanctioned by the Yushin Constitution. In common with military rulers elsewhere, General Chon believes that conciliatory gestures are a sign of weakness, which the opposition is bound to exploit and so he has made none; instead, some 16,000 individuals including a large number of political activists have been arrested on various charges. Newspaper offices have been raided and 172 magazines have had their licenses revoked."

The situation is so precarious that the Bank's secret brief predicts the following.
LOOKING TOWARDS 1981, IT IS JUST POSSIBLE THAT GENERAL CHON MAY BE FORCED INTO WITHDRAWING IN FAVOR OF A CIVILIAN GOVERNMENT BY WIDE-SPREAD RESISTANCE TO HIS GOVERNMENT.

Despite this prediction and the Bank's Attila the Hun assessment of General Chon, the Bank has extended loans totalling \$180 million to South Korea since General Chon became president. In addition, "A lending program of \$3 billion was approved by Mr. Stern on July 8, 1980 covering the period FY81-86..." This is because the Bank is not concerned about General Chon's oppression per se, but only because "Harsh and arbitrary government policies combined with a simmering resentment among the populace are not especially conducive to economic growth..."

The Bank, in fact, sees an advantage to banking on General Chon, particularly in light of his removal of Kim Dae Jung, Kim Jong Pil, and Kim Young Sam from active politics. As the secret brief put it: "In the near future, at least, General Chon is unlikely to encounter organized political opposition and is well placed to press ahead with any policies, he and the coterie of generals around him, see fit to introduce."

Moreover, the Bank feels that General Chon can prevail without addressing human rights by "an ambitious and wide ranging policy of industrial restructuring [which] would, if it is supported by an upswing in international trade, pull Korea out of its economic doldrums and defuse a potential political crisis." Just to be safe though, the secret brief advises General Chon to "convince [the Korean] people through political means, that a bout of austerity is in THEIR long term self-interest." Thus, the Bank not only overlooks General Chon's oppression, but also recommends programs requiring increased repression to enforce.

Anxious to get its \$3 billion, the Korean government, in line with the Bank's advice, recently announced that: "the political institutions of the new democracy will be founded in the hard-- and often harsh-- realities of the present international world order." (NY Times, 15 Dec. 1980)

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Given the aforementioned facts, it is undeniable that the World Bank is financing institutionalized repression in South Korea. Indeed, after detailing General Chon's widespread oppression, the secret Bank brief concludes that for the immediate future "A loan of about \$200 million is envisaged."

Greatly adding to this underwriting of repression in South Korea were two commercial loans shortly after General Chon made himself president. In March 1980, a syndicate of 61 banks led by Chase Manhattan Asia, Bank of America Asia, Ltd., and Morgan Guaranty Trust Co. of New York lent \$500 million to the state-owned Korea Exchange Bank. This loan was viewed by General Chon as an endorsement of his government. As Choon Taik Chung, president and chairperson of the Korea Exchange Bank, said at the loan signing ceremony: "[The loan represents] a vote of confidence in the South Korean economy."

During the same period, a consortium of banks led by Citibank, Bank of America, Morgan Guaranty Corporation, and Asia Pacific Capital Corporation lent \$200 million to the state-owned Honam Oil Refinery Company.

Finally, it is of significance that a Joint Working Group of the Atlantic Council of the United States and the Research Institute for Peace and Security of Japan recently resolved that: "The United States must make it unmistakably clear that it will continue its support for the Republic of Korea, and that the United States intends to maintain ground combat forces there."

The members of the Atlantic Council include representatives from all major U.S. banks as well as William J. Casey, CIA director-to-be and former president of the Export-Import Bank which recently lent \$380 million to the pro-corporate, Korea Advanced Institute of Science. The timing of the Council's resolution after the well-publicized atrocities of General Chon indicates that the banking communities of the U.S. and Japan fully support institutionalized repression in South Korea. The presence of William Casey and other CIA officials on the Council further suggests that General Chon will have the support of the Reagan administration. It could also be argued that the timing of the resolution has endangered the survival of Kim Dae Jung.

As the worldwide campaign around Kim Dae Jung has demonstrated, the overwhelming majority of peoples of the U.S., Japan, and South Korea oppose the policies of General Chon. CounterSpy and Nautilus International believe that consistent with this opposition to General Chon is opposition to the programs of the World Bank, the Export-Import Bank, U.S. commercial banks, and the CIA in South Korea. It is for this reason that we have provided the preceding information which hopefully will stimulate people to organize actions in the interests of the Korean people.

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